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TREASURY DEPARTMENT

74TH CONGRESS }
1ST Session } H. R. 8870

AMENDMENTS

74TH CONGRESS
1ST SESSION

H. R. 8870

IN THE SENATE OF THE UNITED STATES

JULY 29 (calendar day, AUGUST 13), 1935

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Alcohol
4 ~~(1) Administration Control Act.~~"

5 **(2) FEDERAL ALCOHOL ADMINISTRATION**

6 **SEC. 2. (a)** There is hereby created the Federal
7 **Alcohol Administration** as a division in the Treasury
8 **Department.**

1 (b) The Administration shall be headed by an Admin-
2 istrator, who shall be appointed by the President, by and
3 with the advice and consent of the Senate. The Admin-
4 istrator shall for his services receive compensation at the
5 rate of \$10,000 per annum, together with actual and neces-
6 sary traveling and subsistence expenses while engaged in
7 the exercise of his powers and duties outside the District
8 of Columbia. No person shall be eligible to appointment,
9 or continue in office, as Administrator if he is engaged or
10 financially interested in, or is an officer or director of or
11 employed by a corporation engaged in, the production or
12 sale or other distribution of alcoholic beverages, or the
13 financing thereof.

14 (c) The Administrator shall, without regard to the
15 civil-service laws and the Classification Act of 1923, as
16 amended, appoint and fix the compensation and duties of
17 such officers and employees as he deems necessary to carry
18 out his powers and duties, but the compensation so fixed
19 shall be subject to the approval of the Secretary of the
20 Treasury. The Administrator is authorized to adopt an
21 official seal, which shall be judicially noticed.

22 (d) The Administrator is authorized and directed to
23 prescribe such rules and regulations as may be necessary
24 to carry out his powers and duties. All rules and regula-
25 tions prescribed by the Administrator shall be subject to
26 the approval of the Secretary of the Treasury.

FEDERAL ALCOHOL COMMISSION

1
2 *SEC. 2. (a) There is hereby established a commission*
3 *to be known as the Federal Alcohol Commission, to be com-*
4 *posed of three commissioners, who shall be appointed by*
5 *the President by and with the advice and consent of the*
6 *Senate. Not more than two members of the commission*
7 *shall be members of the same political party. The terms of*
8 *office of the commissioners first taking office shall expire, as*
9 *designated by the President at the time of nomination, one at*
10 *the end of the first year, one at the end of the second year,*
11 *and one at the end of the third year after the date of the*
12 *enactment of this Act. A successor shall have a term of*
13 *office expiring three years from the date of expiration of*
14 *the term for which his predecessor was appointed, except that*
15 *a person appointed to fill a vacancy occurring prior to the*
16 *expiration of such term shall be appointed for the remainder*
17 *of such term. No person shall be eligible for appointment*
18 *as a commissioner or continue in office as a commissioner*
19 *if he is engaged or financially interested in, or is an officer or*
20 *director of or employed by a company engaged in, the pro-*
21 *duction or sale or other distribution of alcoholic beverages or*
22 *the financing thereof. Each commissioner shall, for his*
23 *services, receive compensation at the rate of \$10,000 per*
24 *annum, together with actual and necessary traveling and sub-*
25 *sistence expenses while engaged in the performance of his*
26 *duties as commissioner outside the District of Columbia.*

1 (b) *As designated by the President at the time of nom-*
2 *ination: One of the commissioners shall be chairman of the*
3 *commission and shall be the chief executive officer of the*
4 *commission; another of the commissioners shall be vice-*
5 *chairman of the commission and shall perform the functions*
6 *and duties of the chairman in his absence or in the event*
7 *of his incapacity caused by illness; and the third commis-*
8 *sioner, who shall be a lawyer, shall be general counsel of*
9 *the commission. The commission may function notwith-*
10 *standing vacancies, and a majority of the commissioners*
11 *in office shall constitute a quorum. The commission shall*
12 *meet at the call of the chairman or a majority of its mem-*
13 *bers. The commission is authorized to adopt an official seal,*
14 *which shall be judicially noticed. The commission shall*
15 *be entitled to free use of the United States mails in the same*
16 *manner as the Executive departments.*

17 (c) *The commission shall, without regard to the civil-*
18 *service laws, but subject to the Classification Act of 1923,*
19 *as amended, appoint and fix the compensation and prescribe*
20 *the duties of such officers and employees as may be necessary*
21 *to carry out its powers and duties; except that any such*
22 *officer or employee receiving a salary at the rate of \$5,000*
23 *or more per annum shall be appointed by the President,*
24 *by and with the advice and consent of the Senate.*

1 (d) *The commission is authorized and directed to*
2 *prescribe such rules and regulations as may be necessary*
3 *to carry out its powers and duties.*

4 (e) Appropriations to carry out powers and duties of
5 the ~~(3) Administrator~~ *commission* shall be available for ex-
6 penditure, among other purposes, for personal services and
7 rent in the District of Columbia and elsewhere, expenses for
8 travel and subsistence, for law books, books of reference,
9 magazines, periodicals, and newspapers, for contract steno-
10 graphic reporting services, for subscriptions for library
11 services, for purchase of samples for analysis or use as
12 evidence, and for holding ~~(4) conference~~ *conferences* of State
13 and Federal liquor control officials.

14 (f) The ~~(5) Administrator~~ *commission* may, with the
15 consent of the department or agency affected, utilize the
16 services of any department or other agency of the Govern-
17 ment to the extent necessary to carry out ~~(6) his~~ *its* powers
18 and duties and authorize officers and employees thereof to
19 act as ~~(7) his~~ *its* agents.

20 (g) The provisions, including penalties, of sections 9
21 and 10 of the Federal Trade Commission Act, as now or
22 hereafter amended, shall be applicable to the jurisdiction,
23 powers, and duties of the ~~(8) Administrator~~ *commission*, and
24 to any person (whether or not a corporation) subject to the

1 provisions of laws administered by the ~~(9) Administrator~~
2 *commission*.

3 (h) The ~~(10) Administrator~~ *commission* is authorized
4 to require, in such manner and form as ~~(11) he~~ *it* shall
5 prescribe, such reports as are necessary to carry out ~~(12) his~~
6 *its* powers and duties.

7 ~~(13)~~*(i) The commission is authorized to make investiga-*
8 *tions and studies and to report thereon from time to time*
9 *to the President and to the Congress, together with recom-*
10 *mendations, with respect to matters necessary for the proper*
11 *performance of the powers and duties conferred upon the*
12 *commission, and with respect to the production, distribution,*
13 *and consumption of alcoholic beverages, including monopo-*
14 *listic practices, unfair methods of competition, and concen-*
15 *tration of ownership in the alcoholic beverages industries, and*
16 *control of retail outlets and prices; advertising, labeling, and*
17 *merchandising methods with respect to alcoholic beverages,*
18 *including standards of identity, quality, and size and fill of*
19 *container therefor; and enforcement of the twenty-first*
20 *amendment, State and Federal cooperation in the adminis-*
21 *tration of alcoholic beverage control laws, and methods of*
22 *promoting temperance. The commission, whenever in its*
23 *judgment such action will be in the public interest, may*
24 *publish the results of such investigations and studies.*

1 (14)(j) *The commission shall make a report to Congress, at*
 2 *the beginning of each regular session, of the administration*
 3 *of the functions with which it is charged, and shall include*
 4 *in such report the names and compensation of all persons*
 5 *employed by the commission.*

6 UNLAWFUL BUSINESSES WITHOUT PERMIT

7 SEC. 3. In order effectively to regulate interstate and
 8 foreign commerce in (15)~~distilled spirits, wine, and malt~~
 9 ~~beverages~~ *distilled spirits and wine*, to enforce the twenty-
 10 first amendment, and to protect the revenue and enforce
 11 the postal laws with respect to (16)~~distilled spirits, wine,~~
 12 ~~and malt beverages~~ *distilled spirits and wine*:

13 (a) It shall be unlawful, except pursuant to a basic
 14 permit issued under this Act by the (17)~~Administrator~~ *com-*
 15 *mission—*

16 (1) to engage in the business of importing into
 17 the United States (18)~~distilled spirits, wine, or malt~~
 18 ~~beverages~~ *distilled spirits or wine*; or

19 (2) for any person so engaged to sell, offer or
 20 deliver for sale, contract to sell, or ship, in interstate
 21 or foreign commerce, directly or indirectly or through
 22 an affiliate, (19)~~distilled spirits, wine, or malt~~ ~~bever-~~
 23 ~~ages~~ *distilled spirits or wine* so imported.

1 This subsection shall take effect sixty days after ~~(20)the~~
2 ~~date of the enactment of this Act~~ a majority of the commis-
3 ~~sioners first appointed take office.~~

4 (b) It shall be unlawful, except pursuant to a basic
5 permit issued under this Act by the ~~(21)Administrator com-~~
6 ~~mission—~~

7 (1) to engage in the business of distilling dis-
8 tilled spirits, producing wine, rectifying or blending
9 distilled spirits or wine, or bottling, or warehousing and
10 bottling, distilled spirits; or

11 (2) for any person so engaged to sell, offer or
12 deliver for sale, contract to sell, or ship, in interstate or
13 foreign commerce, directly or indirectly or through an
14 affiliate, distilled spirits or wine so distilled, produced,
15 rectified, blended, or bottled, or warehoused and
16 bottled.

17 This subsection shall take effect sixty days after ~~(22)the~~
18 ~~date of the enactment of this Act~~ a majority of the commis-
19 ~~sioners first appointed take office.~~

20 (c) It shall be unlawful, except pursuant to a basic
21 permit issued under this Act by the ~~(23)Administrator com-~~
22 ~~mission—~~

23 (1) to engage in the business of purchasing for
24 resale at wholesale ~~(24)distilled spirits, wine, or malt~~
25 ~~beverages distilled spirits or wine; or~~

1 business experience, financial standing, or trade con-
2 nections, not likely to commence operations within a
3 reasonable period or to maintain such operations in
4 conformity with Federal law; or (C) that the opera-
5 tions proposed to be conducted by such person are
6 in violation of the law of the State in which they
7 are to be conducted.

8 (b) If upon examination of any application for a
9 basic permit the ~~(29)Administrator~~ *commission* has reason to
10 believe that the applicant is not entitled to such permit,
11 ~~(30)he~~ *the commission* shall notify the applicant thereof and,
12 upon request by the applicant, afford him due notice and
13 opportunity for hearing on the application. If the
14 ~~(31)Administrator~~ *commission*, after affording such notice
15 and opportunity for hearing, finds that the applicant is not
16 entitled to a basic permit hereunder, ~~(32)he~~ *it* shall by order
17 deny the application stating the findings which are the basis
18 for ~~(33)his~~ *its* order.

19 (c) The ~~(34)Administrator~~ *commission* shall prescribe
20 the manner and form of all applications for basic permits (in-
21 cluding the facts to be set forth therein) and the form of
22 all basic permits, and shall specify in any basic permit the
23 authority conferred by the permit and the conditions thereof
24 in accordance with the provisions of this Act. To the extent
25 deemed necessary by the ~~(35)Administrator~~ *commission* for

1 the efficient administration of this Act, separate applications
2 and permits shall be required by the ~~(36)Administrator~~
3 *commission* with respect to ~~(37)distilled spirits, wine, and~~
4 ~~malt beverages distilled spirits and wine~~, and the various
5 classes thereof, and with respect to the various classes
6 of persons entitled to permits hereunder. The issuance of a
7 basic permit under this Act shall not operate to deprive
8 the United States of its remedy for any violation of law.

9 (d) A basic permit shall be conditioned upon com-
10 pliance with the requirements of section 5 (relating to unfair
11 competition and unlawful practices) ~~(38)and of section 6~~
12 ~~(relating to bulk sales and bottling)~~, with the twenty-first
13 amendment and laws relating to the enforcement thereof,
14 and with all other Federal laws relating to ~~(39)distilled~~
15 ~~spirits, wine, and malt beverages distilled spirits and wine~~,
16 including taxes with respect thereto.

17 ~~(40)(e) (1) No basic permit issued under this Act shall~~
18 ~~contain any condition prohibiting, nor shall any rule,~~
19 ~~regulation, or order, issued under this or any other Act of~~
20 ~~Congress, prohibit, the use or sale of any barrel, cask, or~~
21 ~~keg, if made of wood and if of one or more wine-gallons~~
22 ~~capacity, as a container in which to store, transport, or~~
23 ~~sell, or from which to sell, any distilled spirits, wine, or~~
24 ~~malt beverages. This subsection shall not apply to any~~
25 ~~condition in any basic permit issued under this Act or any~~

1 rule, regulation, or order issued in connection therewith to
2 the extent that such condition applies in a State in which
3 the use or sale of any such barrel, cask, or keg is prohibited
4 by the law of such State.

5 (41)(2) It shall be unlawful for any person to package
6 or repackage distilled spirits for sale or resale in bottles
7 unless such person is a distiller, a rectifier of distilled
8 spirits, or a person operating a bonded warehouse qualified
9 under the internal revenue laws or a class 8 bonded ware-
10 house qualified under the customs laws, holding a basic
11 permit under this Act, or is a proprietor of an industrial
12 alcohol plant or is an agency of a State or political subdivi-
13 sion thereof: *Provided*, That any other person may so
14 package distilled spirits in bottles if he qualifies under the
15 internal revenue laws as a rectifier and holds a basic permit
16 issued under this Act for the rectification of distilled spirits.

17 (42)(3) Notwithstanding the foregoing provisions of this
18 subsection, no person who is subject to the occupational tax
19 imposed by section 2244 "Fourth" of the Revised Statutes,
20 as amended (U. S. C., Supp. VII, title 26, sec. 1394 (c)),
21 on retail dealers in liquors shall package or repackage dis-
22 tilled spirits for sale or resale in bottles or be eligible to
23 qualify as a rectifier of distilled spirits, and no such person,
24 except a bona fide hotel or club, shall, for purposes of sale,
25 remove from any such barrel, cask, or keg any distilled

1 spirits contained therein. Any person who violates the pro-
2 visions of this paragraph or paragraph (2) shall, upon
3 conviction thereof, be fined not more than \$1,000 or im-
4 prisoned for not more than one year, or both, and shall
5 forfeit to the United States all distilled spirits with respect
6 to which the violation occurs, and the bottles in which
7 packaged.

8 ~~(43)(f)~~ (e) A basic permit shall by order of the ~~(44)Ad-~~
9 ~~ministrato~~ *commission*, after due notice and opportunity
10 for hearing to the permittee, (1) be revoked, or suspended
11 for such period as the ~~(45)Administrato~~ *commission* deems
12 appropriate, if the ~~(46)Administrato~~ *commission* finds that
13 the permittee has willfully violated any of the conditions
14 thereof, provided that for a first violation of the conditions
15 thereof the permit shall be subject to suspension only; or (2)
16 be revoked if the ~~(47)Administrato~~ *commission* finds that
17 the permittee has not engaged in the operations authorized
18 by the permit for a period of more than two years; or (3)
19 be annulled if the ~~(48)Administrato~~ *commission* finds that
20 the permit was procured through fraud, or misrepresentation,
21 or concealment of material fact. The order shall state the
22 findings which are the basis for the order.

23 ~~(49)(g)~~ (f) Orders of the ~~(50)Administrato~~ *commission*
24 with respect to any denial of application, suspension, revo-
25 cation, annulment, or other proceedings, shall be served (1)

1 in person by any officer or employee of the ~~(51) Administrator~~
2 ~~tion~~ *commission* designated by the ~~(52) Administrator~~ *com-*
3 *mission* or any internal revenue or customs officer authorized
4 by the ~~(53) Administrator~~ *commission* for the purpose, or
5 (2) by mailing the order by registered mail, addressed to
6 the applicant or respondent at his last known address in the
7 records of the ~~(54) Administrator~~ *commission*.

8 ~~(55)(4)~~ (g) A basic permit shall continue in effect until sus-
9 pended, revoked, or annulled as provided herein, or volun-
10 tarily surrendered; except that (1) if leased, sold or
11 otherwise voluntarily transferred, the permit shall be auto-
12 matically terminated thereupon, and (2) if transferred by
13 operation of law or if actual or legal control of the permittee
14 is acquired, directly or indirectly, whether by stock-owner-
15 ship or in any other manner, by any person, then such
16 permit shall be automatically terminated at the expiration
17 of thirty days thereafter: *Provided*, That if within such
18 thirty-day period application for a new basic permit is made
19 by the transferee or permittee, respectively, then the out-
20 standing basic permit shall continue in effect until such
21 application is finally acted on by the ~~(56) Administrator~~
22 *commission*.

23 ~~(57)(i)~~ (h) An appeal may be taken by the permittee or ap-
24 plicant for a permit from any order of the ~~(58) Administrator~~
25 *commission* denying an application for, or suspending, revok-

1 ing, or annulling, a basic permit. Such appeal shall be taken
2 by filing, in the circuit court of appeals of the United States
3 within any circuit wherein such person resides or has his
4 principal place of business, or in the United States Court of
5 Appeals for the District of Columbia, within sixty days after
6 the entry of such order, a written petition praying that the
7 order of the (59)Administrator *commission* be modified or set
8 aside in whole or in part. A copy of such petition shall be
9 forthwith served upon the (60)Administrator *commission*, or
10 upon any officer designated by (61)him *it* for that purpose,
11 and thereupon the (62)Administrator *commission* shall cer-
12 tify and file in the court a transcript of the record upon which
13 the order complained of was entered. Upon the filing of such
14 transcript such court shall have exclusive jurisdiction to
15 affirm, modify, or set aside such order, in whole or in part.
16 No objection to the order of the (63)Administrator *commission*
17 shall be considered by the court unless such objection shall
18 have been urged before the (64)Administrator *commission* or
19 unless there were reasonable grounds for failure so to do.
20 The finding of the (65)Administrator *commission* as to the
21 facts, if supported by substantial evidence, shall be conclusive.
22 If any party shall apply to the court for leave to adduce
23 additional evidence, and shall show to the satisfaction of
24 the court that such additional evidence is material and that
25 there were reasonable grounds for failure to adduce such evi-

1 dence in the proceeding before the ~~(66)Administrator~~ *com-*
2 *mission*, the court may order such additional evidence to be
3 taken before the ~~(67)Administrator~~ *commission* and to be
4 adduced upon the hearing in such manner and upon such
5 terms and conditions as to the court may seem proper. The
6 ~~(68)Administrator~~ *commission* may modify ~~(69)his~~ *its* find-
7 ings as to the facts by reason of the additional evidence so
8 taken, and ~~(70)he~~ *it* shall file with the court such modified or
9 new findings, which, if supported by substantial evidence,
10 shall be conclusive, and ~~(71)his~~ *its* recommendation, if any,
11 for the modification or setting aside of the original order.
12 The judgment and decree of the court affirming, modifying,
13 or setting aside, in whole or in part, any such order of the
14 ~~(72)Administrator~~ *commission* shall be final, subject to re-
15 view by the Supreme Court of the United States upon
16 certiorari or certification as provided in sections 239 and 240
17 of the Judicial Code, as amended (U. S. C., title 28, secs.
18 346 and 347). The commencement of proceedings under
19 this subsection shall, unless specifically ordered by the court
20 ~~(73)to the contrary~~, operate as a stay of the ~~(74)Adminis-~~
21 ~~trator's~~ *commission's* order.

22 ~~(75)(j)~~ (i) No proceeding for the suspension or revocation
23 of a basic permit for violation of any condition thereof relat-
24 ing to compliance with Federal law shall be instituted by the
25 ~~(76)Administrator~~ *commission* more than eighteen months

1 after conviction of the violation of Federal law, or, if no con-
 2 viction has been had, more than three years after the viola-
 3 tion occurred; and no basic permit shall be suspended or
 4 revoked for a violation of any such condition thereof if the
 5 alleged violation of Federal law has been compromised by
 6 any officer **(77)** or agency of the Government authorized to
 7 compromise such violation.

8 UNFAIR COMPETITION AND UNLAWFUL PRACTICES

9 SEC. 5. It shall be unlawful for any person engaged in
 10 business as a distiller, **(78)** brewer, rectifier, blender, or
 11 other producer, or as an importer or wholesaler, of **(79)** dis-
 12 tilled spirits, wine, or malt beverages *distilled spirits or wine*,
 13 or as a bottler, or warehouseman and bottler, of distilled
 14 spirits, directly or indirectly or through an affiliate:

15 (a) Exclusive outlet: To require, by agreement or
 16 otherwise, that any retailer engaged in the sale of **(80)** dis-
 17 tilled spirits, wine, or malt beverages *distilled spirits or wine*,
 18 purchase any such products from such person to the exclu-
 19 sion in whole or in part of **(81)** distilled spirits, wine, or malt
 20 beverages *distilled spirits or wine* sold or offered for sale
 21 by other persons in interstate or foreign commerce, if
 22 such requirement is made in the course of interstate or for-
 23 eign commerce, or if such person engages in such practice
 24 to such an extent as substantially to restrain or prevent
 25 transactions in interstate or foreign commerce in any such

1 products, or if the direct effect of such requirement is to
2 prevent, deter, hinder, or restrict other persons from selling
3 or offering for sale any such products to such retailer in
4 interstate or foreign commerce; or

5 (b) "Tied house": To induce through any of
6 the following means, any retailer, engaged in the sale
7 of (82)distilled spirits, wine, or malt beverages *distilled*
8 *spirits or wine*, to purchase any such products from such per-
9 son to the exclusion in whole or in part of (83)distilled spirits,
10 wine, or malt beverages *distilled spirits or wine* sold or offered
11 for sale by other persons in interstate or foreign commerce,
12 if such inducement is made in the course of interstate or
13 foreign commerce, or if such person engages in the practice
14 of using such means, or any of them, to such an extent as
15 substantially to restrain or prevent transactions in inter-
16 state or foreign commerce in any such products, or if the
17 direct effect of such inducement is to prevent, deter, hinder,
18 or restrict other persons from selling or offering for sale any
19 such products to such retailer in interstate or foreign com-
20 merce: (1) By acquiring or holding (after the expiration
21 of any existing license) any interest in any license with
22 respect to the premises of the retailer; or (2) by acquiring
23 any interest in real or personal property owned, occupied,
24 or used by the retailer in the conduct of his business; or (3)
25 by furnishing, giving, renting, lending, or selling to the re-

1 tailer, any equipment, fixtures, signs (84) (*excepting signs not*
 2 *exceeding \$100 in aggregate value to any retailer in any*
 3 *calendar year*), supplies, money, services, or other thing of
 4 value, (85) *except advertising specialties and graphic arts ad-*
 5 *vertising items of paper or paper-like substance and subject*
 6 to such (86) *further exceptions as the (87) Administrator*
 7 *commission shall by regulation prescribe, having due re-*
 8 *gard for public health, the quantity and value of articles*
 9 involved, established trade customs not contrary to the pub-
 10 lic interest and the purposes of this subsection; or (4) by
 11 paying or crediting the retailer for any advertising, display,
 12 or distribution service; or (5) by guaranteeing any loan or
 13 the repayment of any financial obligation of the retailer;
 14 or (6) by extending to the retailer credit for a period in
 15 excess of the credit period usual and customary to the in-
 16 dustry for the particular class of transactions (88), ~~as ascer-~~
 17 ~~tained by the Administrator and prescribed by regula-~~
 18 ~~tions by him;~~ or (7) by requiring the retailer to take
 19 and dispose of a certain quota of any of such products; or
 20 (c) Commercial bribery: To induce through any of
 21 the following means, any trade buyer engaged in the sale
 22 of (89) ~~distilled spirits, wine, or malt beverages distilled~~
 23 ~~spirits or wine~~, to purchase any such products from such person
 24 to the exclusion in whole or in part of (90) ~~distilled spirits,~~
 25 ~~wine, or malt beverages distilled spirits or wine~~ sold or

1 offered for sale by other persons in interstate or foreign
 2 commerce, if such inducement is made in the course
 3 of interstate or foreign commerce, or if such person engages
 4 in the practice of using such means, or any of them, to such
 5 an extent as substantially to restrain or prevent transactions
 6 in interstate or foreign commerce in any such products, or
 7 if the direct effect of such inducement is to prevent, deter,
 8 hinder, or restrict other persons from selling or offering for
 9 sale any such products to such trade buyer in interstate or
 10 foreign commerce: (1) By commercial bribery; or (2)
 11 by offering or giving any bonus, premium, or compensation
 12 to any officer, or employee, or representative of the trade
 13 buyer; or

14 (d) Consignment sales: To sell, offer for sale, or
 15 contract to sell to any trade buyer engaged in the sale of
 16 ~~(91) distilled spirits, wine, or malt beverages~~ *distilled spirits*
 17 *or wine*, or for any such trade buyer to purchase, offer to
 18 purchase, or contract to purchase, any such products on
 19 consignment or under conditional sale or with the privilege
 20 of return or on any basis otherwise than a bona fide sale,
 21 or where any part of such transaction involves, directly
 22 or indirectly, the acquisition by such person from the trade
 23 buyer or his agreement to acquire from the trade buyer
 24 other ~~(92) distilled spirits, wine, or malt beverages~~ *distilled*
 25 *spirits or wine*—if such sale, purchase, offer, or contract is

1 made in the course of interstate or foreign commerce, or if
 2 such person or trade buyer engages in such practice to such
 3 an extent as substantially to restrain or prevent trans-
 4 actions in interstate or foreign commerce in any such prod-
 5 ucts, or if the direct effect of such sale, purchase, offer, or
 6 contract is to prevent, deter, hinder, or restrict other persons
 7 from selling or offering for sale any such products to such
 8 trade buyer in interstate or foreign commerce (93): *Pro-*
 9 *vided, That this subsection shall not apply to transactions*
 10 *involving solely the bona fide return of merchandise for*
 11 *ordinary and usual commercial reasons arising after the*
 12 *merchandise has been sold; or*

13 (e) Labeling.—To sell or ship or deliver for sale or
 14 shipment, or otherwise introduce in interstate or foreign
 15 commerce, or to receive therein, or to remove from customs
 16 custody for consumption, any (94) ~~distilled spirits, wine, or~~
 17 ~~malt beverages~~ *distilled spirits or wine* in bottles, unless such
 18 products are bottled, packaged, and labeled in conformity
 19 with such regulations, to be prescribed by the (95) ~~Adminis-~~
 20 ~~trator~~ *commission*, with respect to packaging, marking,
 21 branding, and labeling and size and fill of container (1)
 22 as will prohibit deception of the consumer with respect to
 23 such products or the quantity thereof and as will prohibit,
 24 irrespective of falsity, such statements relating to age,
 25 manufacturing processes, analyses, guarantees, and scientific

1 or irrelevant matters as the ~~(96) Administrator~~ *commission*
 2 finds to be likely to mislead the consumer; (2) as will
 3 provide the consumer with adequate information as to the
 4 identity and quality of the products, the alcoholic content
 5 thereof ~~((97) except that statements of, or statements likely to~~
 6 ~~be considered as statements of, alcoholic content of malt bever-~~
 7 ~~ages are hereby prohibited unless required by State law and~~
 8 ~~except that, in case of wines, statements of alcoholic content~~
 9 ~~shall be required only for wines containing more than 14 per~~
 10 ~~centum of alcohol by volume), the net contents of the~~
 11 ~~package, and the manufacturer or bottler or (98) importer of~~
 12 ~~the product distributor of domestically bottled products and~~
 13 ~~the manufacturer and importer of imported products;~~
 14 (3) ~~(99) as will require an accurate statement, in the~~
 15 ~~case of distilled spirits (other than cordials, liqueurs, and~~
 16 ~~specialties) produced by blending or rectification or in case~~
 17 ~~of gin whether or not produced by blending or rectifica-~~
 18 ~~tion, if neutral spirits have been used in the production~~
 19 ~~thereof, informing the consumer of the percentage of~~
 20 ~~neutral spirits so used and of the name of the commodity~~
 21 ~~from which such neutral spirits have been distilled; (4)~~
 22 ~~as will prohibit statements on the label that are disparag-~~
 23 ~~ing of a competitor's products or are false, misleading,~~
 24 ~~obscene, or indecent; and (100)(5) (4) as will prevent~~
 25 ~~deception of the consumer by use of a trade or brand name~~

1 that is the name of any living individual of public promi-
2 nence, or existing private or public organization, or is a
3 name that is in simulation or is an abbreviation thereof,
4 and as will prevent the use of a graphic, pictorial, or
5 emblematic representation of any such individual or organ-
6 ization, if the use of such name or representation is likely
7 falsely to lead the consumer to believe that the product
8 has been indorsed, made, or used by, or produced for, or
9 under the supervision of, or in accordance with the specifi-
10 cations of, such individual or organization: *Provided, That*
11 *this clause shall not apply to the use of the name of any*
12 *person engaged in business as a distiller, (101) ~~brewer, recti-~~*
13 *fier, blender, or other producer, or as an importer, whole-*
14 *saler, retailer, bottler, or warehouseman, of (102) ~~distilled~~*
15 *spirits, wine, or malt beverages distilled spirits or wine, nor*
16 *to the use by any person of a trade or brand name used by*
17 *him or his predecessor in interest prior to the date of the*
18 *enactment of this Act; including regulations requiring, at*
19 *time of release from customs custody, certificates issued by*
20 *foreign governments covering origin, age, and identity of*
21 *imported products (103): *Provided further, That nothing**
22 *herein nor any decision ruling or regulation of any Depart-*
23 *ment of the Government shall deny the right of any person*
24 *to use any trade name or brand of foreign origin not presently*
25 *effectively registered in the United States Patent Office which*

1 *has been used by such person or predecessors in the United*
2 *States for a period of at least five years past. (104)No*
3 *person shall remove from Government custody after pur-*
4 *chase at any Government sale any distilled spirits, wine, or*
5 *malt beverages in bottles to be held for sale, until such*
6 *bottles are packaged, marked, branded, and labeled in con-*
7 *formity with the requirements of this subsection. (105)The*
8 *regulations of the commission shall prohibit the designation*
9 *of any product as neutral spirits, or as any type of whisky*
10 *or gin, for non-industrial use, if the neutral spirits contained*
11 *therein are distilled from materials other than grain. Such*
12 *regulations shall also require that the labels of all distilled*
13 *spirits (other than cordials, liqueurs, and specialties) to which*
14 *neutral spirits have been added by blending or rectification,*
15 *and that the labels of all neutral spirits and of gin, for non-*
16 *industrial use, whether produced by blending or rectification*
17 *or by a process of continuous distillation, shall state thereon*
18 *the percentage of neutral spirits contained therein, the name*
19 *of the commodity or commodities from which such neutral*
20 *spirits have been distilled, and the percentage thereof derived*
21 *from each such commodity. As used herein, the term "neu-*
22 *tral spirits" includes ethyl alcohol.*

23 It shall be unlawful for any person to alter, mutilate,
24 destroy, obliterate, or remove any mark, brand, or label
25 upon (106)distilled spirits, wine, or malt beverages distilled

1 *spirits or wine* held for sale in interstate or foreign commerce
 2 or after shipment therein, except as authorized by Federal
 3 law or except pursuant to regulations of the (107)Adminis-
 4 ~~trator~~ *commission* authorizing relabeling for purposes of
 5 compliance with the requirement of this subsection or of
 6 State law.

7 In order to prevent the sale or shipment or other intro-
 8 duction of (108)~~distilled spirits, wine, or malt beverages~~
 9 *distilled spirits or wine* in interstate or foreign commerce, if
 10 bottled, packaged, or labeled in violation of the requirements
 11 of this subsection, no bottler, or importer of (109)~~distilled~~
 12 ~~spirits, wine, or malt beverages~~ *distilled spirits or wine*, shall,
 13 after such date as the (110)Adminis~~trator~~ *commission* fixes
 14 as the earliest practicable date for the application of the
 15 provisions of this subsection to any class of such persons (but
 16 not later than (111)Janu~~ary~~ *March* 1, 1936, and only after
 17 thirty days' public notice), bottle or remove from customs
 18 custody for consumption (112)~~distilled spirits, wine, or~~
 19 ~~malt beverages~~ *distilled spirits or wine*, respectively, unless
 20 the bottler or importer, upon application to the (113)Ad-
 21 ~~ministrato~~ *commission*, has obtained and has in his posses-
 22 sion a certificate of label approval covering the (114)~~distilled~~
 23 ~~spirits, wine, or malt beverages~~ *distilled spirits or wine*,
 24 issued by the (115)Adminis~~trator~~ *commission* in such
 25 manner and form as (116)~~he~~ *it* shall by regulations pre-

1 scribe: *Provided*, That any such bottler shall be exempt from
 2 the requirements of this subsection if the bottler, upon appli-
 3 cation to the ~~(117)Administrator~~ *commission*, shows to the
 4 satisfaction of the ~~(118)Administrator~~ *commission* that the
 5 ~~(119)distilled spirits, wine, or malt beverages~~ *distilled spirits*
 6 *or wine* to be bottled by the applicant are not to be sold, or
 7 offered for sale, or shipped or delivered for shipment, or other-
 8 wise introduced, in interstate or foreign commerce. Officers
 9 of internal revenue and customs are authorized and directed
 10 to withhold the release of such products from the bottling
 11 plant or customs custody unless such certificates have been
 12 obtained, or unless the application of the bottler for exemp-
 13 tion has been granted by the ~~(120)Administrator~~ *commission*.
 14 The district courts of the United States, the Supreme Court
 15 of the District of Columbia, and the United States court for
 16 any Territory, shall have jurisdiction of suits to enjoin, annul,
 17 or suspend in whole or in ~~(121)part,~~ *part* any final action
 18 by the ~~(122)Administrator~~ *commission* upon any application
 19 under this subsection; or

20 (f) Advertising: To publish or disseminate or cause
 21 to be published or disseminated by radio broadcast, or in
 22 any newspaper, periodical or other publication or by any sign
 23 or outdoor advertisement or any other printed or graphic
 24 matter, any advertisement of ~~(123)distilled spirits, wine,~~
 25 *or malt beverages distilled spirits or wine*, if such advertise-

1 ment is in, or is calculated to induce sales in, interstate or
2 foreign commerce, or is disseminated by mail, unless such
3 advertisement is in conformity with such regulations, to be
4 prescribed by the ~~(124)Administrator~~ *commission*, (1) as
5 will prevent deception of the consumer with respect to the
6 products advertised and as will prohibit, irrespective of
7 falsity, such statements relating to age, manufacturing pro-
8 cesses, analyses, guaranties, and scientific or irrelevant mat-
9 ters as the ~~(125)Administrator~~ *commission* finds to be likely
10 to mislead the consumer; (2) as will provide the consumer
11 with adequate information as to the identity and quality of
12 the products advertised, the alcoholic content thereof
13 ~~((126)except that statements of, or statements likely to be~~
14 ~~considered as statements of, alcoholic content of malt bever-~~
15 ~~ages are prohibited and except that, in case of wines, state-~~
16 ~~ments of alcoholic content shall be required only for wines~~
17 ~~containing more than 14 per centum of alcohol by volume),~~
18 ~~and the person responsible for the advertisement; (3)~~
19 ~~(127)as will require an accurate statement, in the case of~~
20 ~~distilled spirits (other than cordials, liqueurs, and special-~~
21 ~~ties) produced by blending or rectification or in case of gin~~
22 ~~whether or not produced by blending or rectification, if~~
23 ~~neutral spirits have been used in the production thereof,~~
24 ~~informing the consumer of the percentage of neutral spirits~~
25 ~~so used and of the name of the commodity from which such~~

1 neutral spirits have been distilled; ~~(4)~~ as will prohibit state-
2 ments that are disparaging of a competitor's products or
3 are false, misleading, obscene, or indecent; ~~(128)~~~~(5)~~ (4)
4 as will prevent statements inconsistent with any statement
5 on the labeling of the products advertised. ~~(129)~~Such
6 regulations shall require that the advertisement of any dis-
7 tilled spirits (other than cordials, liqueurs, and specialties)
8 to which neutral spirits have been added by blending or recti-
9 fication, and that the advertisement of any neutral spirits or
10 of gin, for non-industrial purposes, whether produced by
11 blending or rectification or by a process of continuous distil-
12 lation, shall state the name of the commodity or commodities
13 from which the neutral spirits contained therein have been
14 distilled and the percentage thereof derived from each such
15 commodity. This subsection shall not apply to outdoor
16 advertising in place on June 18, 1935, but shall apply
17 upon replacement, restoration, or renovation of any such
18 advertising. ~~(130)~~The prohibitions of this subsection and
19 regulations thereunder shall not apply to the publisher of
20 any newspaper, periodical, or other publication, or radio
21 broadcaster, unless such publisher or radio broadcaster is
22 engaged in business as a distiller, rectifier, or other producer,
23 or as an importer or wholesaler, of distilled spirits or wine,
24 or as a bottler, or warehouseman and bottler, of distilled
25 spirits, directly or indirectly or through an affiliate.

1 The provisions of subsections (a), (b), and (c) shall
2 not apply to any act done by an agency of a State or
3 political subdivision thereof, or by any officer or employee
4 of such agency.

5 The ~~(131) Administrator~~ *commission* shall give reason-
6 able public notice, and afford to interested parties opportunity
7 for hearing, prior to prescribing regulations to carry out the
8 provisions of this section.

9 **(132) BULK SALES AND BOTTLING**

10 *SEC. 6. (a) It shall be unlawful for any person—*

11 *(1) To sell or offer to sell, contract to sell, or*
12 *otherwise dispose of distilled spirits in bulk except, under*
13 *regulations of the commission, for export or to the fol-*
14 *lowing, or to import distilled spirits in bulk except,*
15 *under such regulations, for sale to or for use by*
16 *the following: A distiller, rectifier of distilled spirits,*
17 *person operating a bonded warehouse qualified under*
18 *the internal-revenue laws or a class 8 bonded ware-*
19 *house qualified under the customs laws, a wine maker*
20 *for the fortification of wines, a proprietor of an indus-*
21 *trial alcohol plant, or an agency of the United States*
22 *or any State or political subdivision thereof.*

23 *(2) To sell or offer to sell, contract to sell, or*
24 *otherwise dispose of warehouse receipts for distilled*
25 *spirits in bulk unless such warehouse receipts require*

1 of this Act. Any person violating any of the provisions
 2 of sections 3 or 5 shall be guilty of a misdemeanor and
 3 upon conviction thereof be fined not more than \$1,000 for
 4 each offense. Subject to the approval of the Attorney
 5 General, the ~~(134)Administrator~~ *commission* is authorized,
 6 ~~(135)prior to commencement of court proceedings~~ with
 7 respect to any violation of this Act, to compromise the lia-
 8 bility arising with respect to such violation (1) upon pay-
 9 ment of a sum not in excess of \$500 for each offense, to be
 10 collected by the ~~(136)Administrator~~ *commission* and to be
 11 paid into the Treasury as miscellaneous receipts, and (2)
 12 in case of repetitious violations and in order to avoid multi-
 13 plicity of criminal proceedings, upon agreement to a stipula-
 14 tion that the United States may, on its own motion upon
 15 five days' notice to the violator, cause a consent decree to be
 16 entered by any court of competent jurisdiction enjoining the
 17 repetition of such violation.

18 INTERLOCKING DIRECTORATES

19 SEC. ~~(137)~~ 8. (a) Except as provided in subsection
 20 (b), it shall be unlawful for any individual to take office, after
 21 the date of the enactment of this Act, as an officer or director
 22 of any company, if his doing so would make him an officer
 23 or director of more than one company engaged in business
 24 as a distiller, rectifier, or blender of distilled spirits, or of
 25 any such company and of a company which is an affiliate

1 of any company engaged in business as a distiller, rectifier,
2 or blender of distilled spirits, or of more than one company
3 which is an affiliate of any company engaged in business
4 as a distiller, rectifier, or blender of distilled spirits, unless,
5 prior to taking such office, application made by such indi-
6 vidual to the (138) ~~Administrator~~ *commission* has been
7 granted and after due showing has been made to (139) ~~him~~ *it*
8 that service by such individual as officer or director of all the
9 foregoing companies of which he is an officer or director to-
10 gether with service in the company with respect to which
11 application is made will not substantially restrain or prevent
12 competition in interstate or foreign commerce in distilled
13 spirits. The (140) ~~Administrator~~ *commission* shall, by
14 order, grant or deny such application on the basis of the
15 proof submitted to (141) ~~him~~ *it* and (142) ~~his~~ *its* finding
16 thereon. The District Courts of the United States, the
17 Supreme Court of the District of Columbia, and the United
18 States (143) ~~courts~~ *court* for any Territory shall have juris-
19 diction of suits to enjoin, annul, or suspend (144) *in whole or*
20 *in part* any final action by the (145) ~~Administrator~~ *commis-*
21 *sion* upon any application under this subsection.

22 (b) An individual may, without regard to the provi-
23 sions of subsection (a), take office as an officer or director
24 of a company described in subsection (a) while holding
25 the position of officer or director of any other such company

1 if such companies are affiliates at the time of his taking
2 office and if—

3 (1) Such companies are affiliates on the date of
4 the enactment of this Act; or

5 (2) Each of such companies has been organized
6 under the law of a State to comply with a requirement
7 thereof under which, as a condition of doing business
8 in such State, such company must be organized under
9 the law of such State; or

10 (3) One or more such companies has been organ-
11 ized under the law of a State to comply with a require-
12 ment thereof under which, as a condition of doing
13 business in such State, such company must be organ-
14 ized under the laws of such State, and the other one
15 or more of such companies not so organized, is in
16 existence on the date of the enactment of this Act; or

17 (4) One or more of such companies has been
18 organized under the law of a State to comply with a
19 requirement thereof under which, as a condition of
20 doing business in such State, such company must be
21 organized under the law of such State, and not more
22 than one of such companies is a company which has
23 not been so organized and which has been organized
24 after the date of the enactment of this Act.

1 (c) As used in this section, the term "company"
2 means a corporation, joint stock company, business trust,
3 or association, but does not include any agency of a State
4 or political subdivision thereof or any officer or employee
5 of any such agency.

6 (d) Any individual taking office in violation of this
7 section shall be punished by a fine of not exceeding \$1,000.

8 (146)DISPOSAL OF FORFEITED DISTILLED SPIRITS AND

9 WINE

10 *SEC. 9. Notwithstanding any provisions of existing*
11 *law, distilled spirits and wine forfeited or condemned sum-*
12 *marily or pursuant to court decree or otherwise, by or*
13 *under any law of the United States, shall not be sold or*
14 *otherwise disposed of publicly or privately but shall be*
15 *destroyed at such time as such forfeiture or condemnation*
16 *has become final; except that any such distilled spirits and*
17 *wine certified by Government chemists to be of a quality*
18 *equivalent to United States Pharmacopœia quality or to be*
19 *suitable for medicinal purposes shall be placed in the cus-*
20 *tody of the United States Public Health Service and disposed*
21 *of by the Surgeon General of such Service, in accordance*
22 *with regulations to be prescribed by him, to hospitals oper-*
23 *ated or maintained in whole or in part by the United States,*
24 *for use by them for medicinal purposes only.*

1 FEDERAL ALCOHOL CONTROL ADMINISTRATION

2 SEC. (147)8 10. The Federal Alcohol Control Adminis-
3 tration established by Executive order under the provisions of
4 Title I of the National Industrial Recovery Act is hereby
5 abolished. All papers, records, and property of such Fed-
6 eral Alcohol Control Administration are hereby transferred
7 to the (148)Administrator *commission*. This section shall
8 take effect (149)on the date that the Administrator first
9 appointed under this Act takes office when a majority of the
10 commissioners first appointed under this Act have taken
11 office.

12 (150)SEC. 11. That section 610 of the Revenue Act of
13 1918, as amended (*U. S. C., Supp. VII, title 26, sec. 1310*),
14 is amended by adding at the end thereof the following new
15 paragraph:

16 "The provisions of the internal-revenue laws applicable
17 to natural wine shall apply in the same manner and to the
18 same extent to citrus-fruit wines which are the product of
19 normal alcoholic fermentation of the juice of sound ripe citrus
20 fruit, with or without the addition of dry cane, beet, or
21 dextrose sugar (containing, respectively, not less than 95
22 per centum of actual sugar, calculated on a dry basis) for
23 the purpose of perfecting the product according to standards,
24 but without the addition or abstraction of other substances,

1 *except as may occur in the usual cellar treatment of clarify-*
2 *ing or aging."*

3 *SEC. 12. Section 612 of the Revenue Act of 1918, as*
4 *amended (U. S. C., Supp. VII, title 26, sec. 1301), is*
5 *amended to read as follows:*

6 *"SEC. 612. That under such regulations and official*
7 *supervision and upon the giving of such notices, entries,*
8 *bonds, and other security as the Commissioner, with the*
9 *approval of the Secretary, may prescribe, any producer of*
10 *wines defined under the provisions of this title, may with-*
11 *draw from any fruit distillery or special bonded warehouse*
12 *grape brandy, or wine spirits, for the fortification of such*
13 *wines on the premises where actually made, and any pro-*
14 *ducer of citrus-fruit wines may similarly withdraw citrus-*
15 *fruit brandy for the fortification of citrus-fruit wines on the*
16 *premises where actually made: Provided, That there shall*
17 *be levied and assessed against the producer of such wines*
18 *or citrus-fruit wines a tax (in lieu of the internal-revenue*
19 *tax now imposed thereon by law) of 20 cents per proof*
20 *gallon of grape brandy, citrus-fruit brandy, or wine spirit*
21 *whenever withdrawn and hereafter so used by him in the*
22 *fortification of such wines or citrus-fruit wines during the*
23 *preceding month, which assessment shall be paid by him*
24 *within ten months from the date of notice thereof: Provided*
25 *further, That nothing contained in this section shall be*

1 construed as exempting any wines, citrus-fruit wines,
2 cordials, liqueurs, or similar compounds from the payment
3 of any tax provided for in this title.

4 “Any such wines or citrus-fruit wines may, under such
5 regulations as the Secretary may prescribe, be sold or re-
6 moved tax free for the manufacture of vinegar, or for the
7 production of dealcoholized wines containing less than one-
8 half of 1 per centum of alcohol by volume.

9 “The taxes imposed by this section shall not apply
10 to dealcoholized wines containing less than one-half of 1
11 per centum of alcohol by volume.”

12 SEC. 13. Section 613 of the Revenue Act of 1918, as
13 amended (U. S. C., Supp. VII, title 26, sec. 1300 (a)
14 (2)), is amended by inserting after “grape brandy” a
15 comma and the following: “or containing citrus-fruit wine
16 fortified with citrus-fruit brandy”.

17 SEC. 14. Section 42 of the Act entitled “An Act to re-
18 duce the revenue and equalize duties on imports, and for
19 other purposes”, approved October 1, 1890, as amended
20 (U. S. C., Supp. VII, title 26, sec. 1302 (a)), is amended
21 by inserting at the end thereof the following new paragraph:

22 “The provisions of this section and section 43 shall
23 apply to the use of citrus-fruit brandy in the preparation
24 of fortified citrus-fruit wines in the same manner and to
25 the same extent as such provisions apply to the use of wine

1 *spirits in the fortification of sweet wines, except that citrus-*
2 *fruit wines and citrus-fruit brandy made with sugar as herein*
3 *indicated may be used in fortification: Provided, That citrus-*
4 *fruit brandy prepared from one citrus fruit shall be used only*
5 *for the fortification of a citrus-fruit wine prepared from the*
6 *same kind of citrus fruit."*

7 *SEC. 15. Section 3255 of the Revised Statutes, as*
8 *amended (U. S. C., Supp. VII, title 26, sec. 1176), is*
9 *amended to read as follows:*

10 *"SEC. 3255. The Commissioner of Internal Revenue,*
11 *with the approval of the Secretary of the Treasury, may*
12 *exempt distillers of brandy made exclusively from apples,*
13 *peaches, grapes, oranges, pears, pineapples, apricots, ber-*
14 *ries, plums, pawpaws, persimmons, prunes, figs, cherries,*
15 *or dates and distillers of citrus-fruit brandy made exclusively*
16 *from citrus fruit, from any provision of this title relating to*
17 *the manufacture of spirits, except as to the tax thereon,*
18 *when in his judgment it may seem expedient to do so:*
19 *Provided, That where, in the manufacture of wine or citrus-*
20 *fruit wine, artificial sweetening has been used the wine,*
21 *citrus-fruit wine, or the fruit pomace residuum may be used*
22 *in the distillation of brandy or citrus-fruit brandy, as the case*
23 *may be, and such use shall not prevent the Commissioner*
24 *of Internal Revenue, with the approval of the Secretary of*
25 *the Treasury, from exempting such distiller from any pro-*

1 vision of this title relating to the manufacture of spirits,
 2 except as to the tax thereon, when in his judgment it may
 3 seem expedient to do so: And provided further, That the
 4 distillers mentioned in this section may add to not less than
 5 five hundred gallons (ten barrels) of grape cheese not more
 6 than five hundred gallons of a sugar solution made from
 7 cane, beet, starch, or corn sugar, 95 per centum pure, such
 8 solution to have a saccharine strength of not to exceed 10
 9 per centum, and may ferment the resultant mixture on a
 10 winery or distillery premises, and such fermented product
 11 shall be regarded as distilling material."

12 SEC. 16. Section 3246 of the Revised Statutes, as
 13 amended (U. S. C., Supp. VII, title 26, sec. 1394 (h),
 14 (i), and (j)), is amended to read as follows:

15 "SEC. 3246. Nothing in this chapter shall be con-
 16 strued to impose a special tax upon winemakers who sell
 17 wines of their own production where the same are made, or
 18 at the general business office of such winemaker: Provided,
 19 That no winemaker shall have more than one place of busi-
 20 ness for the sale of such wine that shall be exempt from the
 21 special tax. No special tax shall be imposed upon apoth-
 22 ecaries as to wines or spirituous liquors which they use
 23 exclusively in the preparation or making up of medicines
 24 unfit for use for beverage purposes.

1 *“No special tax shall be imposed upon manufactur-*
 2 *ing chemists or flavoring extract manufacturers for recov-*
 3 *ering tax-paid alcohol or spirituous liquors from dregs or*
 4 *marc of percolation or extraction, if such recovered alcohol*
 5 *or spirituous liquors be again used in the manufacture of*
 6 *like medicines or flavoring extracts.”*

7 **(151)SEC. 17.** *To prevent monopoly, and to facilitate*
 8 *financing through warehouse receipts issued by independ-*
 9 *ently owned bonded warehouses qualified under the Internal*
 10 *Revenue Laws:*

11 *(a) Section 1 of the Act of March 3, 1877 (19 Stat.,*
 12 *393; 26 U. S. C., 382), is amended by striking out the*
 13 *words, “not exceeding ten in number in any collection dis-*
 14 *trict”, and by adding to said section, at the end thereof,*
 15 *the words: “The Commissioner of Internal Revenue, under*
 16 *such regulations as he may promulgate from time to time*
 17 *with the approval of the Secretary of the Treasury, may,*
 18 *in his discretion, establish such warehouses adjacent to dis-*
 19 *tilleries, and may, in his discretion, permit the removal of*
 20 *brandy directly from the distillery to such warehouses, and*
 21 *from such warehouses to the distillery warehouse of the pro-*
 22 *ducing distiller.”*

23 *(b) Section 51 of the Act of August 27, 1894 (28*
 24 *Stat., 564; U. S. C., 393), is amended by striking out*
 25 *the words: “not exceeding ten in number in any collection*

1 *district*”, and by adding to said section, at the end thereof,
2 the words: “*The Commissioner of Internal Revenue, under*
3 *such regulations as he may promulgate from time to time*
4 *with the approval of the Secretary of the Treasury, may, in*
5 *his discretion, establish such warehouses adjacent to dis-*
6 *tilleries, and may, in his discretion, permit the removal of*
7 *spirits directly from the distillery to such warehouses, and*
8 *from such warehouses to the distillery warehouse of the pro-*
9 *ducing distiller.”*

10 **(152)SEC. 18.** *Title II of the Liquor Taxing Act of 1934*
11 *is amended to read as follows:*

12 “*SEC. 201. (a) There shall be levied, collected, and*
13 *paid upon all distilled spirits sold at retail a tax of \$2 on each*
14 *proof-gallon or wine-gallon when below proof and a pro-*
15 *portionate tax at a like rate on all fractional parts of such*
16 *proof- or wine-gallon.*

17 “*(b) No tax shall be imposed upon any distiller or*
18 *importer under paragraph (4) of subdivision (a) of section*
19 *600, as amended, of the Revenue Act of 1918, in respect*
20 *to any distilled spirits taxable under this section.*

21 “*SEC. 202. The internal-revenue tax imposed by the*
22 *preceding section upon distilled spirits shall be collected from*
23 *retailers, who shall affix to every bottle or other container*
24 *of distilled spirits at the time of its first retail sale or retail*
25 *transfer unopened in a container for on or off-premise con-*

1 *sumption, and to every bottle or other container of distilled*
2 *spirits out of which any part of the contents is removed for*
3 *the purpose of retail sale, transfer, or use on or off the*
4 *premises, before such container is opened, a stamp or*
5 *stamps indelibly canceled, denoting the quantity of distilled*
6 *spirits contained therein and evidencing payment of all*
7 *internal-revenue taxes imposed on such spirits, and in the*
8 *case of imported spirits, of all customs duties imposed*
9 *thereon.*

10 “*SEC. 203. Any licensed retailer possessing or coming*
11 *into possession of distilled spirits upon which all internal-*
12 *revenue taxes and customs duties imposed by law shall have*
13 *been paid, shall be entitled to purchase such stamps as are*
14 *necessary for stamping the containers of distilled spirits in*
15 *the manner required by the preceding section. Stamps for*
16 *this purpose may be purchased by such retailer only from*
17 *the collector of internal revenue for the revenue district in*
18 *which such retailer's place or places of business for retail*
19 *sales shall be located. Such retailer shall present satisfac-*
20 *tory proof to such collector of internal revenue that such tax*
21 *and customs duties on such distilled spirits have been paid.*
22 *Such stamps shall be sold by the collector to such retailer*
23 *at a price of 1 cent for each stamp, except that in case of*
24 *stamps for containers of less than one-half pint, the price*
25 *shall be one-fourth of 1 cent for each stamp.*

1 “*SEC. 204. No person shall manufacture, distill, rec-*
2 *tify, import, transfer, or sell at wholesale or at retail any*
3 *distilled spirits unless such person shall have furnished*
4 *a surety-company bond given by a company, companies, or*
5 *syndicate of companies approved by the Commissioner of*
6 *Internal Revenue and guaranteeing the payment of all taxes*
7 *and customs duties imposed by law on such distilled spirits,*
8 *with such terms and conditions and in such penal sum as*
9 *may be approved by said Commissioner. The provisions*
10 *of this section shall not apply to any regularly established*
11 *common carrier receiving, transporting, delivering, or hold-*
12 *ing for transportation or delivery distilled spirits in the*
13 *ordinary course of its business as a common carrier.*

14 “*SEC. 205. The Commissioner, with the approval of*
15 *the Secretary of the Treasury, shall prescribe (a) regula-*
16 *tions with respect to the time and manner of applying for,*
17 *issuing, affixing, and canceling stamps required by this*
18 *title, the form and denominations of such stamps, proof*
19 *that applicants are entitled to such stamps, and the method*
20 *of accounting for receipts from the sale of such stamps;*
21 *and (b) such other regulations as he shall deem necessary*
22 *for the enforcement of this title.*

23 “*SEC. 206. All distilled spirits found in any container*
24 *required to bear a stamp by this title, which container is*

1 not stamped in compliance with this title and regulations
2 issued thereunder, shall be forfeited to the United States.

3 “SEC. 207. Any person who violates any provision
4 of this title, or who, with intent to defraud, falsely makes,
5 forges, alters, or counterfeits any stamp made or used under
6 this title, or who uses, sells, or has in his possession any such
7 forged, altered, or counterfeited stamp, or any plate or die
8 used or which may be used in the manufacture thereof, or
9 any stamp required to be canceled by this title, or who
10 makes, uses, sells, or has in his possession any paper in
11 imitation of the paper used in the manufacture of any such
12 stamp, or who reuses any stamp required by this title to
13 be canceled, or who affixes any stamp issued under this
14 title to any container of distilled spirits on which any tax
15 is unpaid, or who makes any false statement in any applica-
16 tion for stamps under this title, or who has in his possession
17 any such stamps obtained by him otherwise than as provided
18 in this title, or who sells or transfers any such stamp other-
19 wise than as provided in this title, shall on conviction be
20 punished by a fine not exceeding \$1,000 or by imprison-
21 ment at hard labor not exceeding five years, or by both.
22 Any officer authorized to enforce any provisions of law re-
23 lating to internal-revenue stamps is authorized to enforce
24 the provisions of this section and the provisions of section
25 7 of the Act of March 3, 1897, relating to the bottling of
26 distilled spirits in bond.”

1 (5) The term "affiliate" means any one of two
2 or more persons if one of such persons has actual or
3 legal control, directly or indirectly, whether by stock
4 ownership or otherwise, of the other or others of such
5 persons; and any one of two or more persons subject to
6 common control, actual or legal, directly or indirectly,
7. whether by stock ownership or otherwise.

8 (6) The term "distilled spirits" means ethyl
9 alcohol, hydrated oxide of ethyl, spirits of wine,
10 whiskey, rum, brandy, gin, and other distilled spirits,
11 including all dilutions and mixtures thereof, for non-
12 industrial use.

13 (7) The term "wine" means (1) wine as de-
14 fined in section 610 and section 617 of the Revenue
15 Act of 1918, (U. S. C., title 26, secs. 441 and 444)
16 as now in force or hereafter amended, and (2) other
17 alcoholic beverages not so defined, but made in the
18 manner of wine, including sparkling and carbonated
19 wine, wine made from condensed grape must, wine
20 made from other agricultural products than the juice
21 of sound, ripe grapes, imitation wine, compounds sold
22 as wine, vermouth, cider, perry and sake; in each
23 instance only if containing not less than 7 per centum,
24 and not more than 24 per centum of alcohol by volume,
25 and if for non-industrial use.

1 (155)(8) The term "malt beverage" means a bev-
 2 erage made by the alcoholic fermentation of an infusion
 3 or decoction, or combination of both, in potable brew-
 4 ing water, of malted barley with hops, or their parts,
 5 or their products, and with or without other malted
 6 cereals, and with or without the addition of unmalted
 7 or prepared cereals, other carbohydrates or products
 8 prepared therefrom, and with or without the addition
 9 of carbon dioxide, and with or without other whole-
 10 some products suitable for human food consumption.

11 (156)(9) (8) The term "bottle" means any con-
 12 tainer, irrespective of the material from which made,
 13 for use for the sale of (157)distilled spirits, wine, or
 14 malt beverages *distilled spirits or wine* at retail.

15 (b) The right to amend or repeal the provisions of
 16 this Act is expressly reserved.

17 (c) If any provision of this Act, or the application
 18 of such provision to any person or circumstance, is held
 19 invalid, the remainder of the Act and the application of such
 20 provision to persons or circumstances other than those as
 21 to which it is held invalid, shall not be affected thereby.

Amend the title so as to read: "An Act to further
 protect the revenue derived from distilled spirits and wine,
 to regulate interstate and foreign commerce and enforce

the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes."

Passed the House of Representatives July 24, 1935.

Attest: **SOUTH TRIMBLE,**
Clerk.

Passed the Senate with amendments July 29 (calendar day, August 13), 1935.

Attest: **EDWIN A. HALSEY,**
Secretary.

74TH CONGRESS }
1ST SESSION } **H. R. 8870**

AN ACT

To further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes.

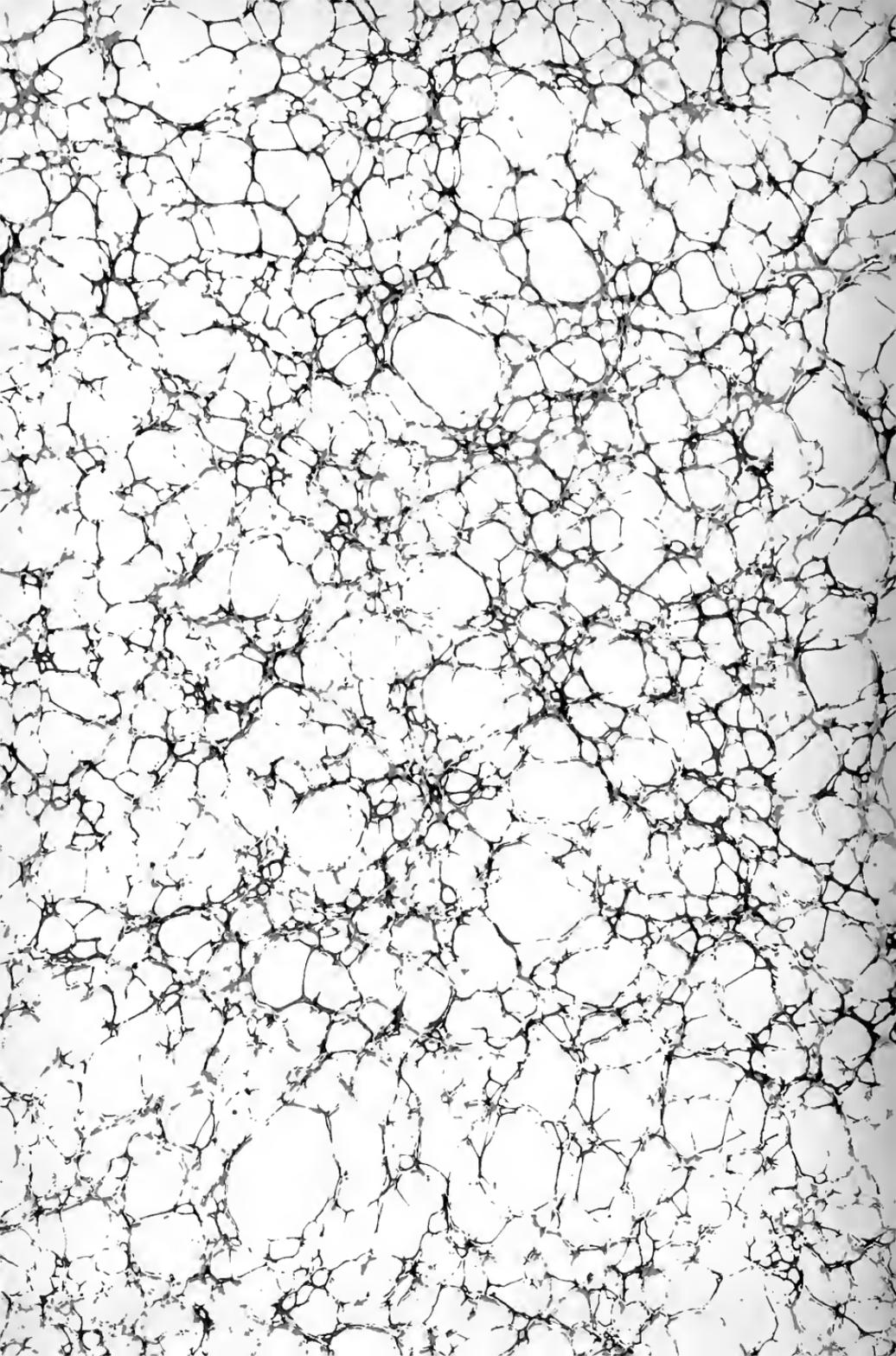
IN THE SENATE OF THE UNITED STATES

July 29 (calendar day, August 13), 1935

Ordered to be printed with the amendments of the
Senate numbered







Legis.Hist.
P.L. 74-407
(H.R. 8974)
Pt. 3

Federal alcohol
administration
act, 1935.

Legis.Hist.
P.L. 74-407
(H.R. 8974)

Federal alcohol
administration
act, 1935.

~~AUTHOR~~

TITLE

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